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THE VIRGINIA REPORT

2010

A PROFILE OF VIRGINIA

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## INTRODUCTION

This chapter provides a brief introduction to Virginia, its people, and its government.

### VIRGINIA IN BRIEF

This high-level “snapshot” includes data that shows how Virginia compares to other states in the nation.

### VIRGINIA'S PEOPLE

Virginia's population, like the nation's, is getting older and becoming more diverse. This section presents demographic and educational attainment information.

### VIRGINIA'S ECONOMY

Virginia has consistently outperformed the nation as a whole on key indicators of economic progress. This section provides an overview of key economic sectors in Virginia.

### VIRGINIA'S GOVERNMENT

Virginia's state government will spend about \$80 billion in the 2010-2012 biennium, which runs from July 1, 2010 through June 30, 2012. Where does this money come from and how is it spent? This section provides an overview.

## VIRGINIA IN BRIEF

Virginia is one of the best places in the United States to live, work, and raise a family. With the 11th largest economy, the Commonwealth enjoys the seventh highest level of per capita personal income in the nation. Virginians are on average better educated and more productive than residents in most other states, and the Commonwealth has been successful in attracting and developing a high-quality workforce. While Virginia is becoming more urbanized and reliant on professional and technical jobs, historically important sectors – agriculture, forestry, maritime, manufacturing, and mining – remain important components of its economy.

Virginia's overall progress has been steady over the long term, but it has not been uniform across the state and challenges remain. State averages sometimes mask significant regional differences in key outcomes such as employment growth, income, and health outcomes. These differences are explored in more detail in Chapter III: A Regional Perspective. In addition, Virginia, like the nation, is struggling to fully emerge from one of the worst economic downturns in decades.

The NOTE on page 13 provides a summary of the sources used for compiling this chapter.

The following table highlights selected key facts about Virginia.

Table 1: Virginia Highlights

Indicator	Value	State Rank
2009 Population	7,882,590	12
Minorities (Hispanic and/or non-White) as a Percentage of the Population (2009)	33.7%	11
Older Population (Age 65 and Older) as a Percentage of the Population (2009)	12.1%	10
Foreign Born as a Percentage of the Population (2009)	10.2%	15
Veterans as a Percentage of Population 16 and over (2009)	12.3%	5
Virginians 25 Years and Older Who Have Completed a Bachelor's Degree (2009)	34.0%	6
Public Pre-K through 12th Grade Enrollment (2007-2008)	1,231,000	12
Median Age (2009)	37 years	23
Average Household Size (2009)	2.57	19 (tied)
Active Military Personnel (2006)	128,515	2
Per Capita Personal Income (2009)	\$43,874	7
Total Value of Agricultural Products Sold (2009)	\$2.9 billion	30
Mean Travel Time to Work (2009)	27.2 minutes	6
Land Area (Square Miles)	39,598	37

Source: See page 13 for a list of sources for this table and other information in the Profile Chapter.

# VIRGINIA'S PEOPLE

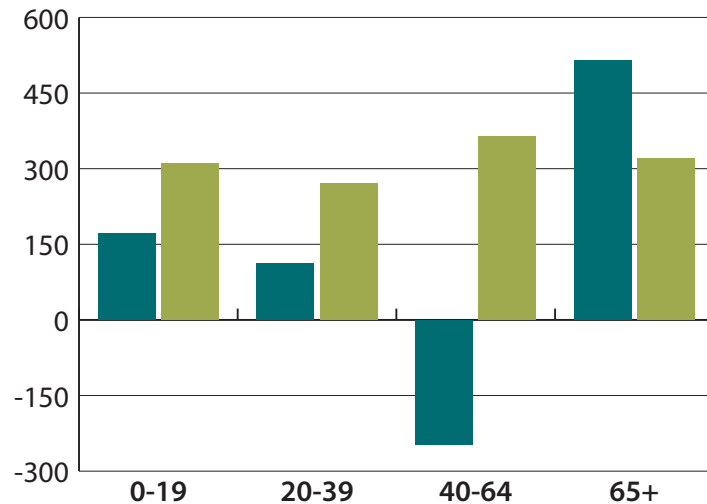
## POPULATION

In 2009, Virginia's population increased by about one percent over its 2008 level to reach 7.88 million, the 12th highest in the country. About 3.9 million, or almost half of all Virginians, were born somewhere other than Virginia. Virginia is relatively diverse, with racial and ethnic minorities representing almost 34 percent of the population. Figure 1, based on data from the Virginia Employment Commission, shows the projected population changes by race and ethnicity for major age groups.

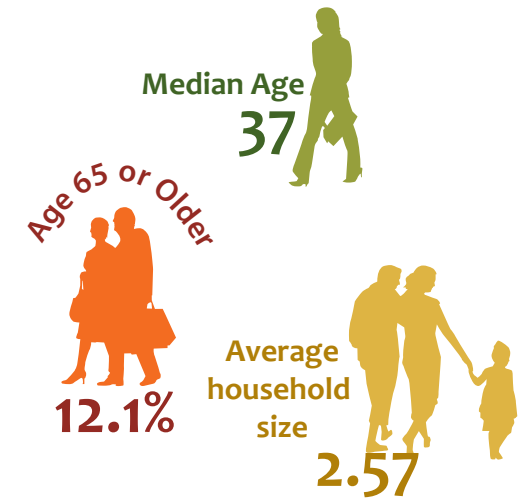
Figure 1

### PROJECTED POPULATION CHANGES IN VIRGINIA BY RACE / ETHNICITY AND AGE, 2010-2030

(in thousands)



■ White, Not Hispanic ■ Other Races and Hispanics of Any Race



#### CURRENT POPULATION



#### PROJECTED POPULATION (2030)



By 2030, Virginia's population will be older, with almost 19 percent of the population 65 years or older. According to estimates provided by the Virginia Employment Commission, the proportion of the population that is White (not Hispanic) will fall to 60.6 percent of the total, down from 67.5 percent in 2010.

These shifts in age and race and ethnicity will also impact what is called the "dependency ratio" – the size of the population that is under 20 years of age or 65 years or older relative to the population aged 20 to 64. This ratio will increase from a little over 62 percent in 2010 to almost 81 percent by 2030, putting additional demands on public education and services for the elderly.

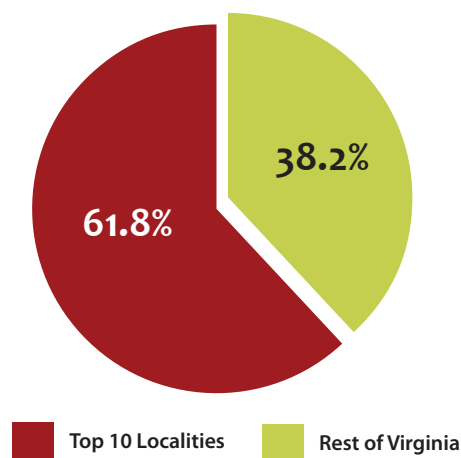
Virginia's population also continues to become more concentrated in what is sometimes called the "Golden Crescent," which roughly encompasses the Council's Northern, Central, and Hampton Roads regions. By 2030, these regions will account for more than 76 percent of Virginia's population, up from 73.6 percent in 2010. Almost 88 percent of all population increases will occur in these three regions. Many of Virginia's localities with the largest populations in 2010 are also expected to add the most people between 2010 and 2030, including:

Loudoun County	+256,440
Prince William County	+208,630
Fairfax County	+126,607
Chesterfield County	+111,456
Spotsylvania County	+ 83,634

These five counties alone account for about 43.3 percent of Virginia's projected population growth between 2010 and 2030. As shown in the figure at the top right, the ten localities with the largest population gains – which include Stafford County, Henrico County, Chesapeake City, Suffolk City, and Virginia Beach City – account for almost 62 percent of the total projected population gain. As shown in the figure to the right, Northern Virginia alone will account for almost 49 percent of the total projected population growth between 2010 and 2030. This growth will put increasing pressure on Virginia's transportation infrastructure.

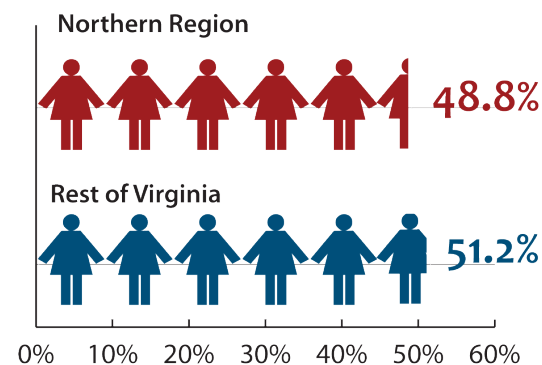
## SHARE OF TOTAL PROJECTED GROWTH, 2010 TO 2030

TOP 10 BIGGEST-GROWTH LOCALITIES  
COMPARED TO REST OF VIRGINIA



## PROJECTED POPULATION GROWTH IN THE NORTHERN REGION

AS A SHARE OF TOTAL PROJECTED GROWTH  
IN VIRGINIA, 2010 TO 2030

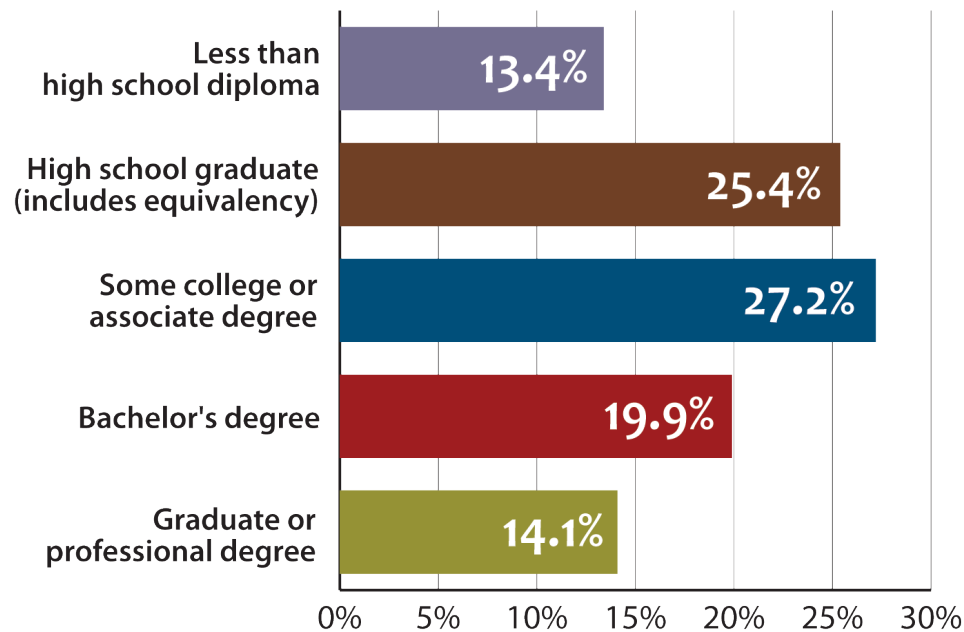


Virginia's population is also relatively well educated, as summarized in Figure 2. For instance, 34.0 percent of adults age 25 years and older have a bachelor's degree or higher, which ranked sixth best in the country. In addition, 14.1% of adults 25 and older have an advanced degree, 4th highest in the nation. As shown to the right, educational attainment among younger women is almost 10 percentage points higher than males in the 25 to 34 age group.

Figure 2

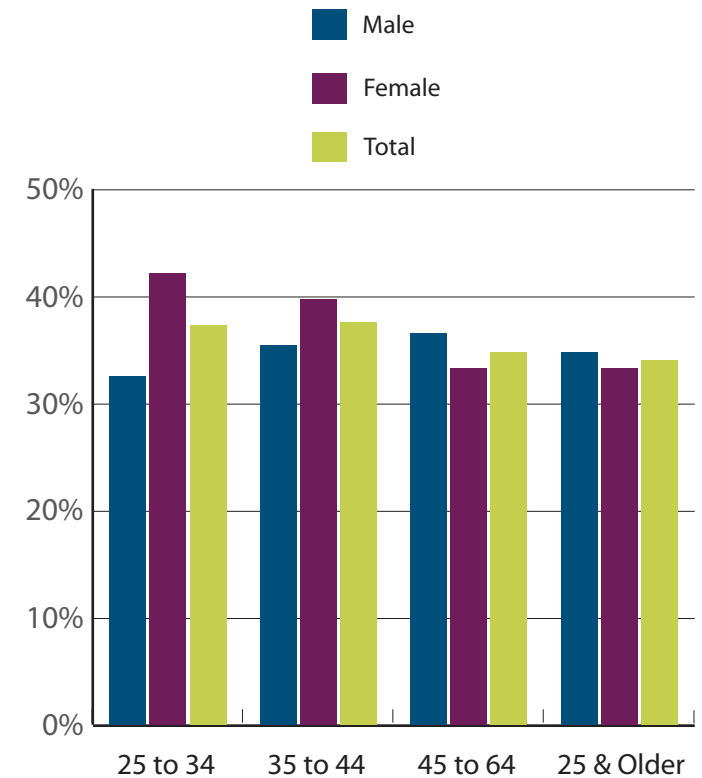
## HIGHEST LEVEL OF EDUCATIONAL ATTAINMENT, 2009

ADULTS AGE 25 AND OVER (5,207,987 ADULTS)



## BACHELOR'S DEGREE OR HIGHER BY AGE AND GENDER

2009



Note: Educational Attainment Data from the 2009 American Community Survey, U.S. Census Bureau

# VIRGINIA'S ECONOMY

## EMPLOYMENT AND INDUSTRY

Virginia's economy continues to evolve, relying more on skilled jobs than ever before. Table 2 illustrates the significant changes that have occurred over the past decade, with the ongoing shift from goods-producing sectors to service industries.



**Source:** Quarterly Census of Employment and Wages, Virginia Employment Commission, Labor Market Statistics, Covered Employment and Wages Program.

Table 2: Employment by Major Industry Sector,  
First Quarter Averages (2000 and 2010)

First Quarter 2000			First Quarter 2010		Average Annual Growth
Industry Sector	Average Employment	Percent Of Total	Average Employment	Percent Of Total	Employment
<b>Agriculture and Related, and Mining and Related</b>	20,838	0.6%	18,079	0.5%	(1.4%)
<b>Construction</b>	198,968	5.9%	173,095	5.0%	(1.4%)
<b>Manufacturing</b>	363,982	10.9%	229,410	6.6%	(4.5%)
<b>Wholesale and Retail Trade</b>	510,045	15.2%	496,816	14.3%	(0.3%)
<b>Transportation and Warehousing, and Utilities</b>	116,853	3.5%	104,267	3.0%	(1.1%)
<b>Information</b>	112,266	3.4%	76,986	2.2%	(3.7%)
<b>Finance and Insurance, and Real Estate and Related</b>	372,186	11.1%	354,628	10.2%	(0.5%)
<b>Professional, Scientific, and Technical Services, and Management of Companies</b>	349,902	10.4%	451,034	13.0%	2.6%
<b>Education Services, and Health Care and Social Assistance</b>	304,311	9.1%	427,547	12.3%	3.5%
<b>Services and Other (Except Government)</b>	396,106	11.8%	442,569	12.8%	1.1%
<b>Government</b>	604,557	18.0%	689,520	19.9%	1.3%
<b>Total</b>	<b>3,350,014</b>		<b>3,463,951</b>		<b>0.3%</b>

The large decline in the information sector (Table 2) is due to shifts in industry makeup rather than a decline in the importance of information technology jobs. Changes in this sector's employment level are due to contractions in publishing and telecommunications. But, in terms of occupations, Virginia still maintains the highest concentration of information specialist jobs in the country, at 4.2 percent of all jobs.

The shift to professional, scientific, and technical services has been beneficial for the state as a whole, but the decline in manufacturing and the growth of lower-paying service jobs have put pressure on workers with lower skills and regions of the state that have relied historically on manufacturing. The ongoing move to higher-skilled industries will mean ongoing pressure on Virginia to improve the skills of its emerging – and existing – workforce.

The role of government is also apparent from its increasing share of employment. Not included in these numbers are more than 128,500 military personnel deployed in Virginia, the second highest total in the country behind California (based on 2006 data from the Department of Defense). As reported in Table 3, Virginia receives the highest level of per capita federal expenditures in the country.

Also shown in Table 3, Virginia's gross state product is the 11th highest in the country. Virginia also has a highly skilled workforce and productivity is relatively high, but the value of total manufactured commodities exported, at \$11.2 billion, ranked only 22nd in the country. Top exports included electronic integrated circuits (\$905 million); tobacco (\$606 million); civilian aircraft, engines, and parts (\$529 million); and Kraft paper (\$449 million). Bituminous coal was the largest non-manufactured commodity export in 2009 (\$889 million).

Table 3: Selected Economic Indicators

Economic Indicator	Value	State Rank
Gross State Product (2008, in billions)	\$397	11
Exports of Manufactured Commodities (2009, in Millions)	\$11,201	22
Worker Productivity: 2008 Output per Worker (2000 dollars)	\$88,496	10
Per Capita Personal Income (2009)	\$43,874	7
Percentage of the Population Living in Poverty * (2009)	10.5%	9
Percentage of Civilian Employed Population 16 & Over in Management, Finance, and Business, and Professional and Related Occupations (2009)	41.5%	3
Percentage of Information Technology (IT) Jobs in non-IT Industries (2008)	2.4%	1
Per Capita Federal Expenditures (Federal Fiscal Year 2008)	\$15,256	1
Military Personnel (2006)	128,515	2

\*Note: Virginia had the 9th lowest poverty rate in the country.

Source: See page 13 for a list of sources for this table and other information in the Profile Chapter.



## TECHNOLOGY AND INNOVATION

As the state continues to deal with the effects of a global economic slowdown, the role of technology and innovation become ever more important. Virginia has strong competitive advantages with its highly educated workforce, good quality of life, highly regarded system of higher education, and strategic mid-Atlantic location close to the seat of Federal government and some of America's most important defense assets. A quick review of recent business location and expansion announcements shows that the vast majority of these investments are being made by companies that rely heavily on technology, innovation, and advanced workforce skills.

Table 4 summarizes key technology and innovation indicators for Virginia. These indicators portray a generally positive picture for Virginia, which excels in a number of areas, including a large science and engineering workforce and an impressive concentration of high-technology jobs and businesses.

Yet the rankings seem to indicate that there is room to improve the intensity of research and development (e.g., both academic and business-performed R&D as a share of the Virginia economy) and its output (patents awarded and patents per 1,000 science and engineering workers).

Table 4: Technology and Innovation Indicators

Indicator	Value	State Rank
Employment in High-Technology Establishments as Share of Total Employment (2006)	15.9%	2
High-technology Business Establishments as Percentage of Total Business Establishments (2006)	11.0%	3
Share of Workforce in Science & Engineering Occupations (2008)	6.3%	2
Patents Awarded (2008)	1,030	22
Patents Awarded per 1,000 Individuals in Science & Engineering Occupations (2008)	4.0	46
R&D Expenditures as Share of Gross State Product (2007)	2.47%	16
Business-performed R&D as Percentage of Private-Industry Output (2007)	1.54%	23
R&D Expenditures at Universities & Colleges in Millions (2008)	\$1,052.6	15
Academic R&D per \$1,000 of Gross Domestic Product (2008)	\$2.65	39

Source: See page 13 for a list of sources for this table and other information in the Profile Chapter.

## VIRGINIA'S GOVERNMENT

Local, state, and federal governments play a major role in Virginia's economy and quality of life. Because of its proximity to Washington and the abundance of military bases in the state, Virginia is home to about 170,000 federal civilian jobs and another 128,515 military personnel (based on a 2006 Department of Defense report). In early 2010, according to the U.S. Census Bureau, state government employed about 140,000 individuals while the Commonwealth's 35 towns, 39 cities, and 95 counties employed another 380,000 individuals.

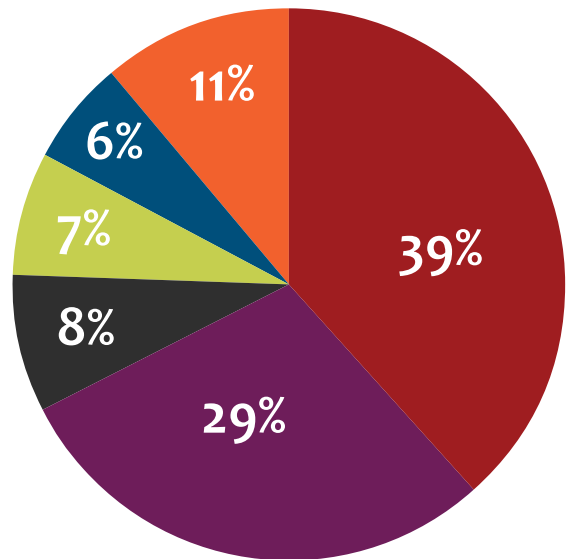
Interestingly, less than half of state government operating expenses are for Personal Services (direct costs of state workers) and Contractual Services (professional and technical services, outsourced operations, and other services that support the operation of government). A little over 40 percent of state funding in fiscal year 2010 is for Transfer Payments, which includes aid to localities, payments to individuals, and unemployment compensation.

Virginia has a biennial budget system, which means it adopts a two-year budget. The biennial budget is enacted into law in even-numbered years, and amendments are enacted in odd-numbered years; the budget for the current biennium, which began July 1, 2010, was adopted by the 2010 General Assembly and will be amended by the 2011 General Assembly.

### WHERE DOES THE MONEY GO?

Virginia's state government budget is divided into an operating budget and a capital budget. The operating budget includes expenses to run the daily activities of government. The capital budget includes the one-time costs of building, improving, or repairing government facilities. The budget of the Commonwealth for the 2010-2012 biennium includes \$75.8 billion for operating expenses and \$1.9 billion in capital outlay. Looking at total operating funds from all sources, the majority of the money goes to education (38.5%), health and human resources (29.4%), and transportation (10.6%).

2010-2012 BIENNIUM BUDGET  
TOTAL OPERATING  
EXPENDITURES  
\$75.8 BILLION



Considering only the general fund, which can be used at the discretion of the Governor and General Assembly, the majority of the operating money goes to education (41.3 %), health and human resources (28.5 %), and public safety (14.2 %). Considering only nongeneral funds, which are receipts set aside for specific purposes, the largest spending categories are education (36.4%), health and human resources (30.0%), and transportation (18.0%).

## WHERE DOES THE MONEY COME FROM?

State government revenues can be grouped into several categories: taxes, grants, fees, sales, earnings, transfers, and balances. For the 2010-2012 biennium, total state revenues available for appropriation are projected to equal \$82.3 billion, including year-end balances, transfers, and bond proceeds.

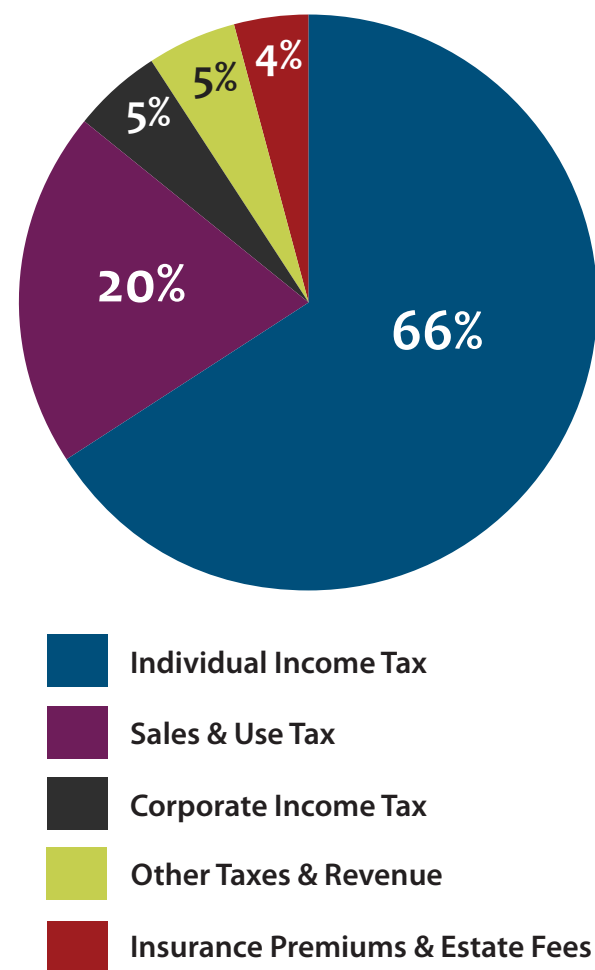
Total revenues from all tax sources are projected to be \$33.0 billion. Tax revenues include \$19.7 billion from individual income taxes and \$4.4 billion from motor vehicle and highway taxes. Other large revenue sources for the biennium include \$18.6 billion in federal grants and \$11.0 billion in institutional revenue, primarily fees collected at colleges and universities, medical and mental hospitals, and correctional facilities.

For budgeting purposes, state revenues are divided into two broad types: (1) the general fund and (2) nongeneral funds. More than half of state revenues (61.8%) are nongeneral funds, or receipts set aside for specific purposes. For example: motor vehicle and gasoline taxes are earmarked by law for transportation programs; student tuition and fees must support higher education; and federal grants are designated for specific activities.

## GENERAL FUND REVENUES

General fund revenues make up 38.2 percent of the budget, down from 41.3 percent for the 2008-2010 biennium. They are mostly derived from direct general taxes paid by citizens and businesses in Virginia. Because general fund revenue can be used for a variety of government programs, these are the funds over which the Governor and the General Assembly have the most discretion.

2010-2012 BIENNIUM BUDGET  
TOTAL GENERAL FUND  
REVENUES  
\$29.9 BILLION



## NONGENERAL FUND REVENUES

Although most public attention is focused on general fund revenue, the majority of revenue in the state budget is comprised of nongeneral funds. These funds are earmarked by law for specific purposes. For the biennium, nongeneral fund revenues total \$45.1 billion, up from \$42.5 billion in the previous biennium. This total does not include balances and bond and lottery proceeds.

**Federal grants** are the largest source of nongeneral fund revenue (\$18.6 billion for the biennium). Frequently these grants do not come to the state as simple cash transfers and often include many program requirements, including state matching funds. Entitlement programs such as Medicaid and Aid to Families with Dependent Children are examples of programs that require a state contribution.

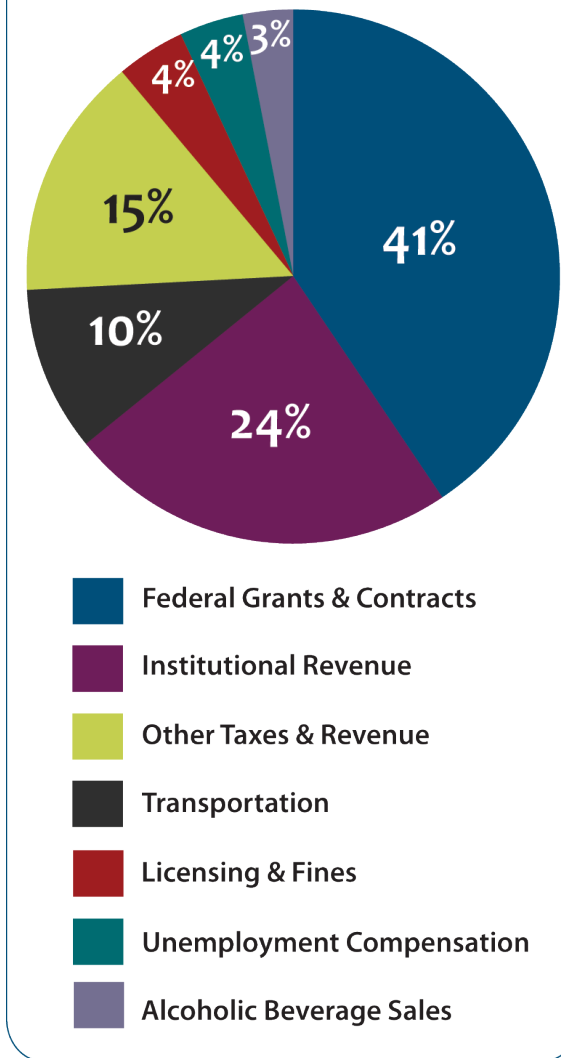
The second largest source of nongeneral fund revenue is **institutional revenue** (\$11.1 billion for the biennium), which includes patient fees at teaching hospitals and mental health institutions and tuition and fees paid by students at institutions of higher education.

**State transportation revenue** comes from several sources including the motor vehicle fuels tax, the motor vehicle sales and use tax, road taxes, vehicle license fees, state sales tax, interest earnings, and other miscellaneous taxes and fees. For the biennium, transportation revenues are anticipated to be \$4.4 billion.

Another nongeneral fund source is the **Unemployment Insurance Fund** (\$1.7 billion). Insurance tax collections rise and fall with the level of unemployment. Corporate downsizing and restructuring have increased unemployment tax collections in recent years.

Other nongeneral fund revenue sources include fees paid by citizens and businesses for licenses (\$1.5 billion), sales of alcoholic beverages (\$1.2 billion), sales of lottery tickets and state property (\$997.9 million), and interest, dividends, and rents (\$277.9 million).

2010-2012 BIENNIUM BUDGET  
TOTAL NONGENERAL FUND  
REVENUES  
\$45.1 BILLION



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## A NOTE ON THE DATA

The data used for this Portrait of Virginia is derived from prominent national sources, summarized here.

Data Type	Primary Source	Primary Source URL
<b>Population Data</b>	Most data comes from the 2009 American Community Survey, U.S. Census Bureau. Related data includes: <ul style="list-style-type: none"><li>• School enrollment</li><li>• Mean travel time</li><li>• Average household size</li><li>• Educational attainment</li></ul>	<a href="http://www.census.gov/acs/www/">http://www.census.gov/acs/www/</a>
<b>Population Projections</b>	Developed by the Virginia Employment Commission for 2010, 2020, and 2030 by locality, age, gender, and race/ethnicity.	<a href="http://www.vawc.virginia.gov/analyzer/populatchoice.asp?cat=HST_DEMOG&amp;session=populat&amp;time=&amp;geo=">http://www.vawc.virginia.gov/analyzer/populatchoice.asp?cat=HST_DEMOG&amp;session=populat&amp;time=&amp;geo=</a>
<b>Employment and Wage Data</b>	Virginia Employment Commission, Economic Information Services, Quarterly Census of Employment and Wages, from the Bureau of Labor Statistics	<a href="http://www.vawc.virginia.gov/analyzer/default.asp">http://www.vawc.virginia.gov/analyzer/default.asp</a>
<b>Gross State Product</b>	Bureau of Economic Analysis	<a href="http://www.bea.gov/regional/index.htm">http://www.bea.gov/regional/index.htm</a>
<b>Exports</b>	U.S. Census Bureau, Foreign Trade Statistics, by origin of movement, North American Industry Classification System-based product groups, not seasonally adjusted	<a href="http://www.census.gov/foreign-trade/statistics/state/origin_movement/index.html#2009">http://www.census.gov/foreign-trade/statistics/state/origin_movement/index.html#2009</a>
<b>Military Personnel</b>	U.S. Department of Defense, DoD Personnel and Procurement Statistics, 2006	<a href="http://siadapp.dmdc.osd.mil/">http://siadapp.dmdc.osd.mil/</a>
<b>Research and Development and Technology</b>	National Science Foundation	<a href="http://www.nsf.gov/statistics/indicators/">http://www.nsf.gov/statistics/indicators/</a>
<b>Government Revenue and Expenditures</b>	Budget data from the Virginia Department of Planning and Budget  Spending data from the Auditor of Public Accounts' <i>Commonwealth Data Point</i> site	<a href="http://dpb.virginia.gov/budget/budget.cfm">http://dpb.virginia.gov/budget/budget.cfm</a>  <a href="http://datapoint.apa.virginia.gov/exp/exp_statewide.cfm">http://datapoint.apa.virginia.gov/exp/exp_statewide.cfm</a>